

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2006-359-E – ORDER NO. 2006-741  
DECEMBER 11, 2006

IN RE: Application of South Carolina Electric & Gas Company for Authorization to Renew Its Revolving Credit Facility and to Enter into a Guaranty Agreement to Support a Proposed Revolving Credit Facility for South Carolina Fuel Company, Inc.	) ORDER AUTHORIZING ) RENEWAL OF CREDIT ) FACILITY AND ) EXECUTION OF ) GUARANTY ) AGREEMENT
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This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of an Application filed on November 15, 2006, by South Carolina Electric & Gas Company (“SCE&G”) for authorization to: (1) renew and modify the terms of its existing revolving credit facility, incur and repay indebtedness under such facility pursuant to the terms thereof, and issue notes evidencing such indebtedness, all in the manner hereinafter described, (2) enter into a guaranty agreement to support a proposed revolving credit facility for South Carolina Fuel Company, Inc. (“SCFC”), and (3) renew and amend, from time to time, such arrangements in the manner described herein. The Application was filed pursuant to S.C. Code of Laws §58-27-1710 (1976), as amended.

SCE&G proposes to renew and modify certain terms of its revolving credit facility with Wachovia Bank, National Association (“Wachovia”) and Bank of America, N.A. (“Bank of America”), affiliates of which are expected to act as co-lead arrangers,

and a syndicate of lenders, under which it may borrow from time to time up to a maximum amount of \$400,000,000 (the “SCE&G Facility”). The Summary of Indicative Terms and Conditions of the SCE&G Facility (the “SCE&G Term Sheet”) was attached to the Application as Exhibit A and incorporated therein. It is expected that Wachovia will serve as administrative agent for the SCE&G Facility and that Bank of America will serve as syndication agent.

Borrowings under the SCE&G Facility will be unsecured and will not encumber any of SCE&G’s assets. Under the SCE&G Facility, SCE&G’s borrowings may remain outstanding until the SCE&G Facility’s final maturity date which will be on the fifth anniversary of the closing date. SCE&G proposes to continue to have the flexibility to periodically extend the maturity date of the SCE&G Facility and to substitute participating lenders as market conditions may warrant. SCE&G proposed the flexibility to modify the terms of the SCE&G Facility as the market conditions dictate in connection with any such renewals or extensions.

The SCE&G Facility will extend the maturity date of SCE&G’s existing \$400,000,000, five-year revolving credit facility with a scheduled maturity date of June 30, 2010. At the date of the Application, no borrowings were outstanding under the existing credit facility.

Interest payable on loans taken under the SCE&G Facility will vary depending upon the interest rate option selected by SCE&G. The options available are (i) Base Rate and (ii) LIBOR plus the Applicable LIBOR Rate Margin as such terms are defined in the applicable SCE&G Term Sheets attached as Exhibits A and B to SCE&G’s Application .

SCE&G may pay certain fees, including attorneys', accountants', and trustees' fees, and fees for similar services, in connection with the negotiation or consummation of the SCE&G Facility or borrowings thereunder as described in the Application. Such fees are not expected to exceed \$150,000. SCE&G will pay no fees for services in securing underwriters, agents, or lenders under the SCE&G Facility, other than fees previously negotiated with such persons. SCE&G will pay a facility fee and may pay a utilization fee described in the SCE&G Term Sheet. Such fees are the result of arm's length negotiations with the lenders under the SCE&G Facility, and are comparable to fees payable in similar transactions in the marketplace. SCE&G will also pay a participation fee to each lender under the SCE&G Facility, to be determined pursuant to arm's length negotiations. Such participation fees, in the aggregate, are not anticipated to exceed \$500,000. SCE&G also expects to pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the SCE&G Facility, consisting of a one-time arrangement fee of not more than \$300,000 and an annual administrative fee of not more than \$20,000. SCE&G may incur additional fees to periodically extend the maturity date of the facility.

The SCE&G Facility will be used for the purposes of (a) providing liquidity to support the issuance and repayment of commercial paper, (b) interim financing of SCE&G's ongoing electric plant and gas facility construction, (c) working capital requirements, and (d) general corporate purposes. In addition, SCE&G may continue to issue intermediate-term and long-term debt securities for these purposes, as authorized from time to time by this Commission.

SCE&G also proposes to enter into a guaranty agreement (the “Guaranty”) to support a revolving credit facility for SCFC with Wachovia and Bank of America, affiliates of which will also act as co-lead arrangers, and a syndicate of lenders, under which it may borrow from time to time a maximum amount of \$250,000,000 (the “SCFC Facility”). It is expected that Wachovia and Bank of America will also serve as administrative agent and syndication agent, respectively, for the SCFC Facility. The indicative terms and conditions of the SCFC Facility will be substantially the same as the SCE&G Facility and are summarized in Exhibit B to the Application (the “SCFC Term Sheet”), except that the SCFC Facility will be collateralized.

Borrowings under the SCFC Facility may remain outstanding until its final maturity date, which will be on the fifth anniversary of the closing date. SCE&G also proposes to enter into amendments to the Guaranty to cover periodic extensions of the maturity date of the SCFC Facility and substitutions of participating lenders as market conditions may warrant. SCE&G will pay no fees in connection with the Guaranty of the SCFC Facility.

The SCFC Facility will renew or replace an existing five-year revolving credit facility with a scheduled maturity date of June 30, 2010, in the amount of \$125,000,000, which is also supported by an SCE&G guaranty. At the date of the Application, no borrowings were outstanding under the existing credit facility.

The SCFC Facility will be used by SCFC for the purposes of (a) providing liquidity to support the issuance and repayment of commercial paper and (b) to acquire,

own, and provide financing and refinancing for SCE&G's nuclear fuel, fossil fuel, and emission and other environmental allowance requirements.

After investigation by the Commission Staff and upon full consideration by the Commission, the Commission is of the opinion, and so finds, that the matters set forth in the Application and the exhibits thereto are proper; that the purpose of the renewal of the revolving credit facility and the Guaranty to support a revolving credit facility of SCFC are proper; and that incurring and repaying indebtedness under such facilities pursuant to the terms thereof are reasonable and proper.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED:

1. That SCE&G is authorized to renew the SCE&G Facility, under which it may borrow from time to time up to a maximum of \$400,000,000 as described in the Application; to incur and repay such indebtedness under such facility pursuant to the terms thereof; and to issue notes evidencing such indebtedness.
2. That SCE&G's borrowings may remain outstanding until the SCE&G Facility's final maturity date.
3. That SCE&G is also authorized to periodically extend the maturity date of the SCE&G Facility and to substitute participating lenders and modify the terms and of the SCE&G Facility as market conditions may warrant.
4. That SCE&G is authorized to incur and pay the estimated fees and expenses in connection with the negotiation or consummation of the SCE&G Facility or any extensions thereof.

5. That SCE&G is authorized to use borrowings under the SCE&G Facility to provide liquidity to support the issuance and repayment of commercial paper and, solely or with other corporate funds in any case, for interim financing of SCE&G's ongoing electric plant and gas facility construction, working capital requirements, and for general corporate purposes. In addition, SCE&G may continue to issue intermediate-term and long-term debt securities for these purposes, as authorized from time to time by this Commission.

6. That SCE&G is authorized to enter the Guaranty to support a revolving credit facility for SCFC, under which SCFC may borrow from time to time a maximum amount of \$250,000,000.


7. That SCE&G is authorized to enter into amendments to the Guaranty to cover periodic extensions of the SCFC Facility and for the substitution of participating lenders as market conditions may warrant.

8. That approval of the Application does not bind the Commission as to the ratemaking treatment of this issuance.

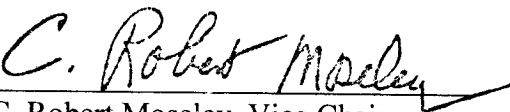
9. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

10. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
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G. O'Neal Hamilton, Chairman

ATTEST:

  
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C. Robert Moseley, Vice Chairman

(SEAL)